



News from the FPAQ's Annual General Meeting

The Annual General Meeting of the *Fédération des producteurs acéricoles du Québec* (FPAQ), held November 3rd in Joliette, provided the 250 producers in attendance with an opportunity to discuss many avenues for improving the efficiency of the collective marketing system. Some 20 resolutions were thus discussed and adopted by delegates. "Producers have shown their confidence in the collective marketing system by proposing multiple improvements to the tools we have put in place over the past four years. This positive work shows the maturity of maple syrup producers," said Pierre Lemieux, Chairman of the FPAQ, the day after the General Meeting.

In short, the resolutions covered the following points:

Respect of the "maple" or "maple-based" designation

Delegates called on the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec* to review the regulations on the designation of maple products and food containing maple products to ensure that the product labelling clearly shows the ingredients contained in the product. This resolution is intended to counteract the multiplication of maple-flavoured products on the market that do not include maple syrup in the manufacturing process.

Respect of maple product marketing regulations

Once again, delegates adopted a resolution calling on the FPAQ to keep pressure on those who disregard the collective marketing agreements and regulations by increasing the number of inspections, suspending quotas and imposing damages and interests. The *Régie des marchés agricoles et alimentaires du Québec* was also asked to impose the full amount of stipulated damages for cases referred to it.

Management of the CAIS

A resolution was adopted by delegates calling on the *Financière agricole du Québec* to base the calculation of the historical margin of maple operations on the provisional quota (100%), according to the average weighted price of deliveries. Another resolution requested that the *Financière agricole du Québec* divide the amounts paid out under the CAIS Program based on the farm's productions, in the case of a mixed farming operation, to prevent compensation paid under the CAIS being used to refund advances received under the ASRA farm income stabilization insurance program.

Increase in energy cost

Delegates to the General Meeting of maple syrup producers called on the governments to implement a financial assistance program for farm operations affected by high energy price increases over the past year.

Destruction of syrup unfit for consumption

Delegates asked the FPAQ to bill the costs for destroying maple syrup judged unfit for consumption directly to the producers at fault.

Refund of costs related to regrading maple syrup

Delegates requested that the charge of \$20 per barrel paid by producers for a review of the grading of their bulk maple syrup be refunded when the results of the review have a favourable financial impact.

Harmonization of quality standards for syrup in small containers

The General Meeting of maple producers adopted a resolution calling on stakeholders concerned to harmonize their quality standards for syrup sold in small containers in order to protect the image of the maple products industry.

Promotion of maple products

Delegates to the Annual General Meeting of the FPAQ called on the federal government to participate financially in efforts to promote maple products in Canada.

Organic production

Delegates adopted a resolution requesting that the *Conseil des appellations agroalimentaires du Québec* (CAAQ) extend the application deadline for the new requirements concerning tin-welded evaporators. Another resolution asked the FPAQ to make organic maple producers aware that some types of certification are not recognized on the U.S. and European markets.

The resolutions handbook (in French) may be obtained by contacting the FPAQ.

To follow up on these resolutions, FPAQ officers will make representations in the coming weeks to the *Régie des marchés agricoles et alimentaires du Québec*, the *Financière agricole du Québec*, the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec*, *Agriculture and Agri-Food Canada*, the *Canadian Food Inspection Agency* and the *Conseil des appellations agroalimentaires du Québec*.

Adoption of first supplemental program in maple syrup production

On October 28, Jacques Brind'Amour, Chief Executive Officer of the *Financière agricole du Québec* and Pierre Lemieux, Chairman of the *Fédération des producteurs acéricoles du Québec*, signed an implementation agreement for an important assistance program in the maple syrup production sector to supplement the Canadian Agricultural Income Stabilization Program (CAIS), in the presence of Laurent Lessard, Quebec Minister of Agriculture, Fisheries and Food. This program will help Quebec maple syrup producers support the costs of the world maple syrup reserve, which now stands at 60 million pounds, the equivalent of the production of one crop year. The \$25 million budget envelope over 5 years will make it possible to: (1) support part of the warehousing costs and quality losses of the maple syrup currently in inventory, (2) support the development of new markets for maple products, and (3) offer a production holiday to maple syrup producers in order to reduce inventory levels.

It will be recalled that the *Financière agricole du Québec* can supplement the Canadian Agricultural Income Stabilization Program if it is demonstrated that the basic program does not adequately cover the risk involved in the production of an agricultural commodity and that income support is needed to ensure the viability of farms in that sector.

Mechanics of the supplemental program in maple syrup production

The supplemental inventory stabilization program in maple syrup production includes a three-tier approach:

Tier 1 Inventory support

Tier 1 concerns the costs related to maintenance of the 2000, 2002, 2003, 2004 and 2005 maple syrup inventories. Under the terms of the supplemental program, the *Financière agricole du Québec* will reimburse 50% of the costs related to warehousing, insurance, and interest on cash advances to maple syrup producers. In addition, the *Financière agricole du Québec* will reimburse, upon the sale of syrup in inventory, 50% of the loss in value and of pasteurization costs, if not recovered from the marketplace. Up to now, maple syrup producers had to assume all of these costs.

Tier 2 Market development

Tier 2 concerns support for promotion and market development efforts for maple products. According to this agreement, the *Financière agricole du Québec* will finance non-generic promotion projects in partnership with the FPAQ and the maple syrup processing and bottling companies. The participation of the *Financière agricole du Québec* will depend on cumulative net inventory sales, because it will pay 35¢ per pound of syrup sold to a fund dedicated to these activities. For example, the forecasts indicate a net inventory decrease of 2.5 to 3 million pounds for the current year. This will translate into a budget of nearly \$1 million dedicated to financial partnerships between the FPAQ and the maple syrup processing and bottling companies. The projects funded will have to generate a measurable increase in sales.



Tier 3 Production holiday

Tier 3 is designed to implement a production holiday program for Quebec maple syrup producers. The purpose of this program is to reduce 2006 crop potential in order to lower maple syrup inventory levels.

A producer who participates in this program will undertake not to tap any maples in his sugar bush for the 2006 harvest. In exchange, the FPAQ will pay the producer a cash advance on the maple syrup inventories the producer still holds with the sales agency. This program is only intended for producers with more than 3,000 taps according to the FPAQ's records, because shutting down production by the biggest operations will generate the program's best efficiency. The request to lower the threshold to 2,000 taps was refused by the *Financière agricole du Québec*.

Producers who wish to participate in the program for the 2006 crop will have to register before February 15, 2006. The FPAQ will pay a participating maple syrup producer 50% of the amount in March 2006 and 50% in May 2006, in exchange for not tapping his sugar bush in 2006. At least one inspection will have to be conducted before the second payment is made.

The amount paid will correspond to the lesser of the following amounts: (1) \$1.00/pound of quota (the 75%); or (2) 90% of the inventory value with the sales agency, from which the value of overpayments and other amounts owed from previous years must be subtracted.

The payment corresponds to a cash advance on future sales of the participating producer's maple syrup inventories. The producer must participate in the FPAQ's cash advances program. The amount paid to the producer will be recovered as his inventory syrup with the sales agency is sold. An inspector will visit the producer's maple farm to ensure that his maples are not tapped.

The program entry form can be found in this edition of InfoSyrup.

To benefit from all the measures available under the supplemental program, producers must participate in the FPAQ's cash advances program.

Other negotiated measures

The negotiations also included the closing of the producers' credit lines for syrup delivered in 2000. About one third of this syrup was sold in the past year and the lending institutions will receive a cheque before the end of 2005 to repay part of the principal borrowed. In addition, the *Financière agricole du Québec*, in partnership with a private lender, plan to grant the FPAQ the financing necessary to close the 1,002 credit lines granted to producers in connection with the withdrawal of maple syrup surplus in 2000. Thanks to this additional funding, the Quebec maple producers' Maple Syrup Surplus Management Fund (*Fonds de gestion des surplus de sirop d'érable des producteurs acéricoles du Québec*) will become the owner of the 2000 syrup remaining at the beginning of 2006. The producers concerned will receive the relevant documents from the FPAQ soon. Nevertheless, the *Régie des marchés agricoles du Québec* must approve the purchase.

The FPAQ and the *Financière agricole du Québec* have agreed that, after this transaction has been completed, 50% of the proceeds from the sale of inventories will be used to reduce producer loans with the sales agency, and the other 50% will be paid to producers to improve the cash flow of maple operations. Previously, 100% of the proceeds from the sale of inventories served to reduce loans in 2000 and over-payments in 2004. This measure is designed to ensure that inventory sales do not serve only to refund over-payments to the sales agency.

Lastly, the negotiations dealt with the interest rate on FPAQ loans, which will remain at prime less ¼ of a point for the next five years.

Pierre Lemieux reelected Chairman

Pierre Lemieux, a maple syrup producer from Cap St-Ignace in the Côte-du-Sud region, was reelected Chairman of the *Fédération des producteurs acéricoles du Québec* at the Annual General Meeting held this November 3rd in Joliette. Mr. Lemieux argued, in particular, for the advantages of a collective marketing system, which can always be enhanced if producers participate actively in their organization. He also emphasized the challenge of defining a vision of maple production development that reflects the divergent realities of Quebec's 11 maple-producing regions.

Syndicate meetings

The tour of Quebec's 11 maple syrup syndicates in September and October was a success. FPAQ officers met 1,500 maple producers during this tour. The climate of the discussions was cordial and the resolutions adopted by producers were constructive.

Grading of maple syrup in bulk

The grading of maple syrup in large containers is nearly completed. Table 1 shows that 58.4 million pounds of syrup had been graded as of October 30. The total quantity of bulk maple syrup graded in 2005 should be about 58.5 million pounds, which means that more than 7 million pounds of quota were not used this year. This is because a significant number of producers were unable to produce their maple quota due to weather conditions.

To date, a volume of nearly 7.8 million pounds has been certified as organic syrup. The number of organic syrup producers dropped from 414 in 2004 to 304 in 2005.

Table 1
Bulk maple syrup grading (as of October 30, 2005)

Grade	Regular syrup (M lb)	Organic syrup (M lb)	Total (M lb)	Flavour defects (%)
AA	12.1	1.4	13.5	11
A	15.5	2.8	18.3	9
B	13.8	2.2	16.0	8
C	6.8	1.1	7.8	13
D	2.1	0.3	2.4	31
NG	0.4	0.0	0.4	
Total	50.6	7.8	58.4	11

Nearly 11% of the maple syrup graded has flavour defects (VR).

Sales of maple syrup

Sales of maple syrup are going well since they will exceed the production of bulk syrup this year, which means that inventories from previous years are currently being sold. We expect that over 61 million pounds of maple syrup will be sold in 2005 and that 58.5 million pounds will be graded, resulting in a net inventory reduction of 2.5 to 3.0 million pounds. There are few buyers, however, for 2005 Grade AA and A syrup. The processing and bottling companies are more interested in the darker syrup. The FPAQ has therefore implemented a sales policy of lots composed of 2005 light syrup (AA and A), along with dark syrup from previous years' inventories (C and D). Table 2 shows the anticipated sales this year.

Table 2
Sales versus 2005 deliveries (as of October, 30)
(Million pounds)

Grades	2005 deliveries	Anticipated sales	Inventory variations
AA regular	12.1	11.2	+ 0.9
AA organic	1.4	0.7	+ 0.7
A regular	15.5	14.1	+ 1.4
A organic	2.8	1.2	+ 1.6
B regular	13.8	13.6	+ 0.2
B organic	2.2	1.8	+ 0.4
C regular	6.8	11.7	- 4.9
C organic	1.1	1.6	- 0.5
D regular	2.1	4.5	- 2.4
D organic	0.3	0.4	- 0.1
NC regular	0.4	0.7	- 0.3
NC organic	0.0	0.0	0.0
Total volume	58.4	61.5	- 2.9
Over-quota volume	0.8	—	—
Quota fill	57.6	—	—

Figures may not add up due to rounding.

A positive inventory variation means that syrup from the 2005 harvest will be stored, while a negative variation indicates that syrup from previous years will be sold.

Grievance by Citadelle

The *Coopérative Citadelle* has tabled a grievance with the *Régie des marchés agricoles et alimentaires du Québec* concerning the FPAQ's maple syrup sales policy. Citadelle wants to buy dark maple syrup from inventory without also buying light syrup from the 2005 harvest. The FPAQ opposes such a request because sales of dark syrup bring lower returns than light syrup, and this has a negative effect on producers' payments. The FPAQ, with the agreement of most maple syrup buyers, advocates the sale of lots composed of both light and dark syrup to maintain a balance in the grades of syrup held in inventory. It should also be recalled that, of the 56.2 million pounds that Citadelle received from its members since the creation of the sales agency in 2002, 22 million pounds were returned to the FPAQ. Of this volume, nearly 10 million pounds were C and D grade syrup. Citadelle also returned nearly all grade AA, A and B syrup with flavour defects (VR) to FPAQ warehouses.

Dissolution of the RCPEQ

Unfortunately, the Supreme Court of Canada has decided to hear the motion for appeal tabled by Citadelle and other buyers on the dissolution of the assets of the *Regroupement pour la commercialisation de l'érable du Québec* (RCPEQ). As we know, on March 9, 2005, the Court of Appeal ruled in favour of the FPAQ in this case, which has been dragging through the courts for many years. In short, the decision upheld the judgment of the Superior Court, which awarded the RCPEQ's assets of maple syrup holdings and nearly \$20 million to the FPAQ. The purpose of the proceedings initiated by the FPAQ is to remit to producers the unpaid balance on 1991-92 deliveries held by the RCPEQ, which managed maple syrup holdings before the creation of the sales agency. This is hotly disputed by some processors. The Supreme Court of Canada will therefore hear this case in the next 12 months. The relentless opposition of some processors is therefore delaying the payment of money due to nearly 5,000 producers, most of whom, ironically, are members of the Citadelle Cooperative.



Pasteurization of 2005 syrup

The FPAQ has begun pasteurization of the 5 million pounds of AA and A maple syrup that have not been sold. The pasteurization costs for in-quota syrup will be divided among all maple producers if no buyer shows an interest in this syrup before February 27, 2006.

Cash advances and pay-out

The *Financière agricole du Québec* has authorized a third cash advance, which was paid out on November 15. This advance is equivalent to 90% of the value of in-quota deliveries, since the value of maple syrup sales contracts on November 15 was equivalent to that amount.

Producers who did not participate in the FPAQ cash advance program also received a payment on November 15 corresponding to 59% of the value of their deliveries, in accordance with the sales agency's regulations. This payment corresponds to the percentage of syrup paid by maple syrup buyers to the FPAQ at that date.

In addition, a second payment of the 15¢ per pound premium was remitted to organic producers, based on sales of this syrup as of November 15, namely 36% of deliveries.

For producers who participate in the cash advance program, a payment will be made on March 15, 2006 to cover 100% of the value of in-quota deliveries.

Investigations into parallel networks

Legal proceedings are continuing in several cases. Although maple producers who abide by the regulations may feel that the proceedings have been dragging on for a long time, the courts have begun handing down decisions against offenders. For example, the Quebec Superior Court ruled last September 29 that the RMAAQ has the right to investigate producers and buyers of maple syrup. Mr. Clément Nadeau's attempt to block the investigation that concerns him was unsuccessful and his case is following the normal channels. It will be recalled that a team of FPAQ investigators sold syrup to Clément Nadeau outside the sales agency system in order to document his methods.

Several producers contacted the FPAQ to request publication of the names of those who disregard the marketing regulations. The names of individuals being prosecuted by the FPAQ can be obtained by consulting the web site of the *Régie des marchés agricoles et alimentaires du Québec*. However, many investigations end in out-of-court settlements and the FPAQ respects the wishes of the parties involved who want to keep those agreements confidential. In 2003, the FPAQ reached some 60 out-of-court settlements, totalling \$900,000 in damages and unpaid contributions.

Investigations on the retail market

The FPAQ has implemented an inspection program for maple products sold on the retail market in groceries, restaurants, convenience stores, etc. The purpose of this program is to ensure the product's compliance with provincial and federal regulations on:

- (1) labelling;
- (2) maple syrup quality;
- (3) maple syrup production quotas.

The FPAQ sampled 300 Quebec maple products for analysis. Each producer whose product has been analyzed received a letter specifying compliances and non-compliances, if any. In a serious case of non-compliance that persists over time, the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec* (MAPAQ) is informed of the product's presence on the market and is asked to immediately withdraw all maple syrup containers in the lot concerned. The purpose of this initiative is to reassure maple product consumers, who are increasingly concerned about the origin and quality of food products on the market, and to maintain our industry's good image.

To date, the analyses show results that are of great concern to the maple industry, since some samples are not in compliance with requirements regarding container labelling and syrup quality. The syrup either presented severe flavour defects, a grade that was two levels lower than indicated on the container, or significant deposits. This situation will have to be corrected quickly to maintain the good image of Quebec maple syrup.

Regulation of the retail market

The FPAQ has also asked the *Régie des marchés agricoles et alimentaires du Québec* to approve a draft regulation on quality standards for maple products in small containers. The purpose of this regulation is to reassure consumers about the quality of maple syrup on the retail market by performing random inspections at various points of sale. The draft regulation calls on producers who sell on these markets to observe the provincial regulations on labelling and maple syrup quality, to record their FPAQ registration numbers on their labels, and to maintain traceback registers of their products.

RMAAQ public hearings were held in Victoriaville October 13, 14, 2005 to hear the representations of the FPAQ and maple syrup producers on this question. The hearings will resume on January, 2006.

Elimination of lead-contamination risk

The risk of maple syrup being contaminated by lead is very low, since most Quebec maple syrup producers have recent food-grade equipment. Nonetheless, it is important to ensure that potential sources of contamination, which are always present, are eliminated, because any lead detected in maple products would negatively affect sales on our domestic and export markets.

The FPAQ has signed an agreement with the *Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec* (MAPAQ) designed to eliminate lead-contamination, if any, in bulk maple syrup. Under this Agreement, a certain number of barrels of the 2006 and 2007 harvests will be chosen at random during grading to check for lead levels exceeding the government's standards. If one barrel has an abnormal level of lead, all of that producer's barrels will be tested. The barrels held back will be submitted to a second test by the MAPAQ. The contaminated barrels will be destroyed by the MAPAQ.

Remember that lead contamination can come from evaporators welded with a tin-lead alloy, pumps with brass gears, paint in the tanks, tinned steel evaporators, galvanized iron tanks, etc. Elimination of the source of contamination requires inspection of the sugar bush equipment concerned. Replacement with food quality equipment made of stainless steel without tin-lead welds is essential.

Next marketing agreement

FPAQ officers met with representatives of maple syrup processing and bottling companies last September 29 to begin negotiations on a new bulk maple syrup marketing agreement for 2006. The FPAQ's position is basically as follows:

- (1) increase the average price of maple syrup;
- (2) decrease the price difference between syrup grades;
- (3) distinguish between syrup for direct consumption and syrup intended for industrial processing.

The FPAQ asked the RMAAQ to appoint a conciliator to help reconcile the positions of the parties.



Promotion

The "L'érable à table" fall promotion campaign is coming to an end. After the distribution of 1.1 million recipe booklets to Quebec homes, ads in cooking, health and news magazines, tastings in a hundred stores and 6 weeks of radio ads, all that remains is the draw of a trip to Las Vegas, which will be held this November 22.

The Christmas campaign will soon be under way. More than one million households will receive a recipe booklet suggesting tasty ways to integrate maple into holiday meals. Ads will also be published in several Quebec women's, cooking and news magazines.

In addition, a drawing contest currently under way in Quebec elementary schools invites children to draw a Christmas party in a sugar bush. The winning drawing will be used to produce new packaging for canned maple syrup for the Christmas 2006 period. This campaign features maple syrup in Holiday celebrations. Finally, last year's winning drawing will decorate Christmas syrup cans, which will be distributed this year in Quebec IGA stores. Each container sold will generate one dollar for the Sainte-Justine Hospital Foundation.



EXTRAITS DES ÉTATS FINANCIERS 2004-2005

Les états financiers de la FPAQ regroupent cinq fonds financiers. Cette page présente la contribution des producteurs, les autres revenus et les dépenses de chacun de ces fonds, en date de la fin de l'année financière, soit le 31 juillet 2005. Les états financiers complets peuvent être consultés sur www.siroperable.ca (section aux membres).

Fonds de l'agence de vente

Fonds dédié aux opérations de l'agence de vente.

	2005	2004
	\$	\$
Produits	10 126 349	6 374 093
Contribution des producteurs	20 558	—
Revenus d'intérêts	695 066	993 447
Remboursement d'intérêts	979 147	1 151 533
Revenus d'administration	96 227	67 109
Revenus de mise en marché	2 159 201	1 083 263
Récupération de frais de conditionnement	5 151 418	2 658 336
Autres revenus	1 024 732	420 405
Charges	9 464 634	6 271 574
Frais de conditionnement	5 133 362	2 551 334
Frais de réception et de transformation	721 566	879 570
Consultants informatiques	189 869	131 193
Conseillers techniques	790 529	629 487
Services professionnels	82 884	80 060
Assurances	253 542	162 480
Compensation pour transport aux producteurs	343 571	414 550
Intérêts	1 701 845	1 241 319
Amortissement	48 690	29 212
Autres	198 776	152 369
Excédents	661 715	102 519
Solde de fonds au début	321 719	219 200
Solde de fonds à la fin	983 434	321 719

Fonds d'administration du plan conjoint

Fonds dédié à l'administration courante de la FPAQ et des syndicats acéricoles régionaux. La contribution de la FPAQ à la Confédération de l'UPA est également incluse dans ce fonds.

	2005	2004
	\$	\$
Produits	1 912 423	2 105 857
Contribution des producteurs	1 779 510	2 010 632
Revenus d'intérêts	132 913	95 225
Charges	1 907 612	2 159 932
Direction générale	168 567	182 439
Administration des syndicats	213 114	254 568
Conseillers techniques	901 911	964 428
Contribution à l'agence de vente	346 195	385 124
Paiement anticipés	8 668	79 954
Contribution à l'UPA	269 157	293 519
Excédents	4 811	(54 075)
Solde de fonds au début	2 065 159	2 119 234
Solde de fonds à la fin	2 069 970	2 065 159

Fonds de développement des marchés

Fonds dédié aux activités de promotion et de développement des marchés au Québec et à l'étranger. Ce fonds est également dédié au travail des comités de promotion, de mise en marché, de certification. Ce fonds inclut également les contributions versées au Centre Acer, ainsi que les frais liés aux enquêtes.

	2005	2004
	\$	\$
Produits	2 323 355	2 906 971
Contribution des producteurs	1 887 888	2 059 095
Subventions	21 400	288 263
Domages liquidés	408 435	551 991
Revenus de certification	5 632	7 622
Charges	2 218 492	1 908 291
Campagnes de promotion	1 538 815	969 303
Comités	44 580	52 845
Conseillers techniques	179 022	139 621
Consultants	4 087	53 699
Frais de déplacement	14 206	7 155
Frais de recherche	101 818	530 878
Frais légaux et enquêtes	226 306	77 020
Autres dépenses	94 219	73 795
Amortissement	15 429	3 975
Excédents	104 873	998 680
Solde de fonds au début	3 124 178	2 125 498
Solde de fonds à la fin	3 229 051	3 124 178



Fonds de contrôle de la qualité

Fonds dédié au classement et à l'inspection du sirop d'érable en vrac.

	2005	2003
	\$	\$
Produits	1 016 848	1 060 003
Contribution des producteurs	1 016 848	1 060 003
Charges	867 736	793 550
Conseiller technique	38 781	—
Frais de classement	829 520	792 523
Amortissement	4 435	1 027
Excédents	199 112	266 453
Solde de fonds au début	761 062	494 609
Solde de fonds à la fin	910 174	761 062

Fonds de gestion des surplus

Mise en place d'un fonds nécessaire à l'ouverture d'une marge de crédit de 100 millions dollars à La Financière agricole du Québec et d'un programme complémentaire en acériculture.

	2005	2004
	\$	\$
Produits	3 156 546	3 168 266
Contribution des producteurs	2 846 505	2 999 797
Revenus d'intérêts	310 041	168 469
Charges	678 537	35 281
Intérêts pris en charge pour l'agence	678 537	35 281
Excédents	2 478 009	3 132 985
Solde de fonds au début	11 467 035	8 334 050
Solde de fonds à la fin	13 945 044	11 467 035